

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	550.10	12.00	101.78	663.88	12.00	103.53	665.63	665.63
Personal Services	18,747,770	2,302,954	4,109,867	25,160,591	2,423,113	4,200,472	25,371,355	50,531,946
Operating Expenses	10,571,955	(528,198)	5,273,111	15,316,868	(599,714)	5,308,472	15,280,713	30,597,581
Equipment	348,126	(111,379)	259,300	496,047	(111,379)	225,300	462,047	958,094
Capital Outlay	162,470	(162,470)	0	0	(162,470)	0	0	0
Grants	15,869,491	2,729,418	150,000	18,748,909	2,729,480	150,000	18,748,971	37,497,880
Benefits & Claims	378,087	0	0	378,087	0	0	378,087	756,174
Transfers	0	111,338	0	111,338	111,436	0	111,436	222,774
Debt Service	86,895	(83,785)	10,048	13,158	(83,785)	10,048	13,158	26,316
Total Costs	\$46,164,794	\$4,257,878	\$9,802,326	\$60,224,998	\$4,306,681	\$9,894,292	\$60,365,767	\$120,590,765
General Fund	1,510,870	243,221	259,511	2,013,602	246,637	259,637	2,017,144	4,030,746
State/Other Special	13,001,709	783,224	9,431,957	23,216,890	785,226	9,523,797	23,310,732	46,527,622
Federal Special	31,604,562	3,219,714	110,858	34,935,134	3,262,820	110,858	34,978,240	69,913,374
Proprietary	47,653	11,719	0	59,372	11,998	0	59,651	119,023
Total Funds	\$46,164,794	\$4,257,878	\$9,802,326	\$60,224,998	\$4,306,681	\$9,894,292	\$60,365,767	\$120,590,765

Agency Description

The Department of Labor and Industry has a number of functions. In part, the department:

1. oversees and regulates the Montana Workers' Compensation system;
2. enforces state and federal labor standards, anti-discrimination laws, and state and federal safety-occupational health laws;
3. provides adjudicative services in labor-management disputes;
4. collects and disburses state unemployment trust funds;
5. serves as an employment agency, provides job training to assist individuals in preparing for and finding jobs, and assists employers in finding workers;
6. oversees federal and state training and apprenticeship programs;
7. conducts research and collects employment statistics;
8. through Montana Community Services, administers the federal AmeriCorps, Campus Corps, and Volunteer Montana programs;
9. licenses, inspects, tests, and certifies all weighing or measuring devices used in making commercial transactions in the State of Montana;
10. provides administrative and clerical services to the 38 professional boards and occupational licensing programs authorized by state statutes; and
11. establishes and enforces minimum building codes.

Structurally, the department is divided into nine divisions: Job Service, Unemployment Insurance, Commissioner's Office/Centralized Services, Employment Relations (including the Human Rights Commission), Montana Community Services, Workers' Compensation Court (administratively attached), and three new divisions, Weights and Measures Bureau, Professional and Occupational Licensing, and Building Codes Division.

Summary of Legislative Action

The legislature increased Department of Labor and Industry funding from the fiscal 2000 base by 115.53 FTE and \$28.3 million (\$26.5 million over the 2001 biennium), including increases of \$1.1 million general fund, \$20.5 million state special revenue, \$6.7 million federal funds, and \$23,717 in proprietary authority. Of this increase, 107.53 FTE and \$18.7 million in state special revenue authority can be attributed to the implementation of SB 445, which reorganized the Department of Commerce, including the transfer of three divisions to the Department of Labor and Industry. SB 445 is discussed in further detail in the Reorganization section of this chapter. Additionally, the legislature approved several new proposals which:

1. added \$536,290 general fund over the biennium to continue funding for the Jobs for Montana Graduates program;
2. added \$160,000 state special revenue authority over the biennium to accommodate development and implementation of a career conference coordinated by the Research and Analysis Bureau; and
3. added 0.25 FTE and \$150,000 state special revenue authority to implement provisions of SB 322.

The remainder of the increase was in the form of present law adjustments, which included the following increases:

1. state special revenue (\$212,056 over the biennium) and federal special revenue (\$169,200 over the biennium) to add 4.0 FTE to the Employment Relations Division;
2. general fund of \$198,832 over the biennium to accommodate increased workload within the Human Rights Bureau;
3. federal authority of \$2.2 million over the biennium to accommodate increased grants within the Montana Community Services Division; and
4. state special revenue (\$12,000 over the biennium) and federal special revenue (\$359,267 over the biennium) to add 2.00 FTE and accommodate increased rental costs within the Research and Analysis Bureau.

Additionally, the legislature added language to the boilerplate section of HB 2 that deleted FTE, but not the funding, for all positions that had been vacant for over 7 months, with exceptions. As a result of this language, the department lost 7.25 FTE.

Reorganization

Senate Bill 445 established the Office of Economic Development within the Office of the Governor, and reorganized the Department of Commerce by transferring several programs and divisions to other agencies. The Department of Labor and Industry received three transferred programs: Professional and Occupational Licensing (POL), Weights and Measures Bureau, and Building Codes Bureau. The transfer resulted in an increase of 107.53 FTE and \$18.7 million in state special revenue authority over the biennium. Table 1 shows the funding changes within the department effected by the reorganization.

Table 1 Effects of SB 445 on the Department of Labor and Industry				
Division/Program	Fiscal 2002		Fiscal 2003	
	FTE	Total Funds (SSR)	FTE	Total Funds (SSR)
Weights and Measures Bureau				
Transferred from Department of Commerce	11.00	\$679,811	11.00	\$679,843
POL				
Transferred from Department of Commerce	35.03	5,342,276	35.03	5,272,573
Building Codes Division				
Transferred from Department of Commerce	57.00	3,158,556	57.00	3,136,542
HB 437 - Add FTE/Funding	1.50	70,389	1.50	52,889
SB 242 - Add FTE/Funding	<u>1.50</u>	<u>100,925</u>	<u>3.00</u>	<u>151,950</u>
Total Change Within Department	<u>106.03</u>	<u>\$9,351,957</u>	<u>107.53</u>	<u>\$9,293,797</u>

Other Legislation

House Bill 230 - HB 230 generally revises boiler inspection standards. Among other changes, HB 230 extends the length of time between inspections for some boilers. HB 230 is projected to have minimal effect on the Building Codes Bureau. Professional and Occupational Licensing expenditures are projected to decrease by \$2,700 over the biennium. Additionally, revenues into the Boiler, Blaster, Crane Licensing Account are projected to be decreased by \$22,000 each year of the biennium due to fewer boiler licenses being issued.

House Bill 313 / House Bill 463 - House Bills 313 and 463 generally revise laws relating to domestic violence. HB 313 establishes a requirement for counseling provided by a licensed Domestic Violence Counselor and Facilitator. Pursuant to this, Professional and Occupational Licensing projects an increase in expenditures of \$4,550 over the biennium and increased state special revenues of \$1,500 over the biennium. HB 463 provides for qualified victims of domestic violence to receive unemployment insurance. Expenditures from and revenues into the Unemployment Insurance Trust Fund are projected to increase by \$11,280 in each year of the biennium.

House Bill 437 - HB 437 adds several types of lifting devices to the list of lifting devices inspected by the Building Codes Bureau. Projected increases to expenditures from and revenues into the Building Codes State Special Revenue Account total \$123,278 over the biennium. The legislature increased the Building Codes Bureau's state special revenue authority by this amount to accommodate HB 437.

House Bill 500 - HB 500 revises certain provisions of the Little Davis-Bacon laws, including changes to the calculation of prevailing wage. Due to the addition of a prevailing wage survey during the biennium, the department projects the addition of 0.5 FTE and increased state special revenue expenditures of \$18,746 in fiscal 2002, and \$16,099 in fiscal 2003. The legislature did not provide additional state special revenue authority to implement HB 500.

House Bill 526 - HB 526 creates the Montana Summer Youth Employment Program. Implementation of the program was contingent upon funding. Although no funding was identified specifically for the program, the legislature included the following language in the Department of Health and Human Services' budget: "If the TANF block grant funds report given at the March 2002 Legislative Finance Committee meeting indicates that there are FAIM phase II R dollars unexpended and no plan is in place to expend the remaining dollars, there is appropriated up to \$1.5 million of these unexpended funds for the Summer Youth Employment Program in the 2003 biennium."

Senate Bill 242 - SB 242 limits the jurisdictional area for a municipal building code to the area within the limits of an incorporated city or town, and revises the procedures to establish a county building code jurisdictional area. SB 242 effectively removes the extended building code jurisdiction currently enforced by several municipalities in Montana. Therefore, the number of inspections performed by the Building Codes Bureau is projected to increase during the 2003 biennium. The legislature added 1.5 FTE in fiscal 2002 and 3.0 FTE in fiscal 2003, and additional state special revenue authority of \$318,800 over the biennium to accommodate the projected increase in inspections. Corresponding increases in revenue are projected to offset the increased expenditures.

Senate Bill 288 - SB 288 requires the Board of Pharmacy to create a program for the donation of prescription drugs by long-term care facilities to provisional community pharmacies offering drugs to certain low-income persons. SB 288 also requires the Board of Pharmacy to adopt rules pertaining to the donation of prescription drugs by long-term care facilities. As a result, the department projects Professional and Occupational Licensing expenditures to increase by \$5,036 over the biennium. Revenues into the Board of Pharmacy State Special Revenue Account are projected to increase correspondingly, and will offset the expenditure increase.

Senate Bill 322 - SB 322 creates the Natural Resource Workers' Education Program, and funds the Natural Resource Workers' Tuition Scholarship Account, at a level not to exceed \$150,000 each year, from proceeds remaining from the Resource Indemnity and Ground Water Assessment taxes. The legislature added \$150,000 of state special revenue authority to the department for fiscal 2003.

Senate Bill 428 - SB 428 increases the Unemployment Insurance maximum weekly benefit amount from 60 percent to 63 percent of the average weekly wage. Expenditures from and revenues into the Unemployment Insurance Trust Fund are projected to increase by \$1.0 million in each year of the biennium.

Senate Bill 445 - SB 445 establishes the Office of Economic Development within the Office of the Governor, reorganizes the Department of Commerce, and transfers several functions to other agencies. The Department of Labor and Industry received three transferred programs: Professional and Occupational Licensing, Weights and Measures Bureau, and Building Codes Bureau. For further discuss, see the Reorganization section above.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	550.10	564.10	663.88	99.78	564.10	665.63	101.53	
Personal Services	18,747,770	21,122,877	25,160,591	4,037,714	21,243,286	25,371,355	4,128,069	8,165,783
Operating Expenses	10,571,955	10,252,030	15,316,868	5,064,838	10,237,476	15,280,713	5,043,237	10,108,075
Equipment	348,126	236,747	496,047	259,300	236,747	462,047	225,300	484,600
Capital Outlay	162,470	0	0	0	0	0	0	0
Grants	15,869,491	18,748,909	18,748,909	0	18,748,971	18,748,971	0	0
Benefits & Claims	378,087	378,087	378,087	0	378,087	378,087	0	0
Transfers	0	111,338	111,338	0	111,436	111,436	0	0
Debt Service	86,895	3,110	13,158	10,048	3,110	13,158	10,048	20,096
Total Costs	\$46,164,794	\$50,853,098	\$60,224,998	\$9,371,900	\$50,959,113	\$60,365,767	\$9,406,654	\$18,778,554
General Fund	1,510,870	2,044,524	2,013,602	(30,922)	2,048,212	2,017,144	(31,068)	(61,990)
State/Other Special	13,001,709	13,871,249	23,216,890	9,345,641	13,873,171	23,310,732	9,437,561	18,783,202
Federal Special	31,604,562	34,877,953	34,935,134	57,181	34,978,079	34,978,240	161	57,342
Proprietary	47,653	59,372	59,372	0	59,651	59,651	0	0
Total Funds	\$46,164,794	\$50,853,098	\$60,224,998	\$9,371,900	\$50,959,113	\$60,365,767	\$9,406,654	\$18,778,554

Executive Budget Comparison

The legislative budget is \$18.8 million and 101.53 FTE higher than the Executive Budget, with a general fund reduction of \$61,990 over the biennium. The increase in FTE and total funding can be almost entirely attributed to the transfer of three programs into the department as a result of the passage of SB 445 (107.53 FTE and \$18.6 million state special revenue increase). The legislature made other adjustments to the Executive Budget, including:

1. elimination of general fund from Job Service Division administrative cost increases (approximately \$32,000 over the biennium);
2. reduction in federal special revenue authority related to computer purchases and the department's cost allocation plan (approximately \$160,000 over the biennium);
3. disapproval of a general fund increase within the Commissioner's Office/Centralized Services Division for Human Rights Bureau support (approximately \$11,000 over the biennium);
4. reduction in general fund by an amount equal to the general fund share of 1 percent of authorized FTE (\$15,296 over the biennium);
5. reduction in general fund by an amount equal to 1 percent of fiscal 2000 general fund travel expenditures (\$1,846 over the biennium); and
6. implementation of boilerplate language which reduced FTE within the division by 7.25 FTE, with no corresponding reduction in funding.

Language

It is the intent of the legislature that the rates charged for centralized services functions be agreed to by the United States Department of Labor federal cost negotiator. It is anticipated that the assessment will be approximately 9 percent and 10 percent of a program's actual personal services costs incurred in fiscal year 2002 and fiscal year 2003.

Item [Commissioner's Office/Centralized Services Division] includes a reduction in general fund of \$923 in fiscal 2002 and \$923 in fiscal 2003. This reduction is the equivalent of a 1 percent reduction in fiscal 2000 base budget travel

expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Commissioner's Office/Centralized Services Division] includes a general fund reduction of \$7,635 in fiscal 2002 and \$7,661 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Items [Professional and Occupational Licensing, Legal Contingency, Weights and Measures Bureau, Legislative Audit, Building Codes Bureau, Legislative Audit, and Building Codes Vehicle Replacement] are contingent upon passage and approval of Senate Bill 445. (Note - SB 445 was passed and approved.)

It is the intent of the legislature that the internal service rates charged for [Professional and Occupational Licensing, Weights and Measures Bureau, and Building Codes Bureau] will be approximately 9 percent and 10 percent of a program's actual personal services costs incurred in fiscal 2002 and fiscal 2003.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	299.35	2.00	2.00	303.35	2.00	2.25	303.60	303.60
Personal Services	9,807,192	1,066,458	72,153	10,945,803	1,127,931	88,568	11,023,691	21,969,494
Operating Expenses	5,707,403	(994,945)	125,916	4,838,374	(1,068,447)	259,653	4,898,609	9,736,983
Equipment	281,455	(134,744)	0	146,711	(134,744)	0	146,711	293,422
Capital Outlay	162,470	(162,470)	0	0	(162,470)	0	0	0
Grants	14,317,296	1,628,303	150,000	16,095,599	1,628,303	150,000	16,095,599	32,191,198
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	111,338	0	111,338	111,436	0	111,436	222,774
Debt Service	83,785	(83,785)	0	0	(83,785)	0	0	0
Total Costs	\$30,359,601	\$1,430,155	\$348,069	\$32,137,825	\$1,418,224	\$498,221	\$32,276,046	\$64,413,871
General Fund	595,109	64,740	268,069	927,918	66,027	268,221	929,357	1,857,275
State/Other Special	6,046,489	632,696	80,000	6,759,185	609,062	230,000	6,885,551	13,644,736
Federal Special	23,710,321	733,569	0	24,443,890	743,985	0	24,454,306	48,898,196
Proprietary	7,682	(850)	0	6,832	(850)	0	6,832	13,664
Total Funds	\$30,359,601	\$1,430,155	\$348,069	\$32,137,825	\$1,418,224	\$498,221	\$32,276,046	\$64,413,871

Program Description

The Job Service Division (JSD) operates through five bureaus. The Field Operations Bureau functions through a network of 23 job service centers. The division is a gateway to government services in the area of employment and training services. JSD performs services that include retraining and reemployment services for laid-off workers and employment and training services for people transitioning from welfare-to-work, as well as for youth, veterans, seasonal/migrant farm workers, and general job seekers. Other bureaus include the Electronic Labor Exchange Bureau, Workforce Development Bureau, Program Management Bureau, and the Research and Analysis Bureau.

Funding

Job Service Division operations for the biennium are funded with general fund, state special revenue, federal funds, and proprietary funds from rent recharges and special projects. General fund supports the Jobs for Montana Graduates; Apprenticeship and Training; and Displaced Homemaker programs. State special revenue includes \$9.0 million in Employment Security Account funds and \$4.1 million in Montana Job Training Partnership subgrants and contracts. Federal funding includes \$26.2 million in Workforce Investment Act funds, \$14.6 million in federal Labor and Industry funds (including Wagner-Peyser funds), and \$4.4 million in employment training grants.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					1,433,924					1,497,654
Vacancy Savings					(304,949)					(306,860)
Inflation/Deflation					(38,473)					(34,597)
Fixed Costs					216,363					142,597
Total Statewide Present Law Adjustments					\$1,306,865	\$1,298,794				
DP 1 - WIA Funding & CAP Increase										
	0.00	0	7,748	1,427,924	1,435,672	0.00	0	7,806	1,428,014	1,435,820
DP 3 - Lease Vehicles										
	0.00	0	0	8,994	8,994	0.00	0	0	20,752	20,752
DP 5 - Research & Analysis FTE & Operating Increase										
	2.00	0	6,000	178,403	184,403	2.00	0	6,000	180,864	186,864
DP 6 - Federal Funding Change and CAP Increase										
	0.00	0	40,000	(1,384,768)	(1,344,768)	0.00	0	40,000	(1,402,406)	(1,362,406)
DP 696 - Data Network Fixed Cost Reduction										
	0.00	(96)	(4,605)	(488)	(5,189)	0.00	(94)	(4,547)	(485)	(5,126)
DP 698 - Rent Reduction - Use of Capitol Land Grant										
	0.00	(729)	(1,855)	(7,818)	(10,402)	0.00	(730)	(1,857)	(7,830)	(10,417)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	(3,741)	(126,784)	(14,895)	(145,420)	0.00	(3,755)	(127,353)	(14,949)	(146,057)
Total Other Present Law Adjustments										
	2.00	(\$4,566)	(\$79,496)	\$207,352	\$123,290	2.00	(\$4,579)	(\$79,951)	\$203,960	\$119,430
Grand Total All Present Law Adjustments					\$1,430,155	\$1,418,224				

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - WIA Funding & CAP Increase - The legislature approved an increase in state and federal special revenue authority to accommodate:

1. increased federal funding as the Workforce Investment Act is implemented; and
2. state and federal special revenue increases for the department's cost allocation plan. The legislature did not approve the general fund portion of the cost allocation plan increase.

DP 3 - Lease Vehicles - The legislature approved an increase in federal state special revenue authority to replace six older department-owned vehicles with leased motor pool vehicles, including corresponding decreases in gas and maintenance expenses.

DP 5 - Research & Analysis FTE & Operating Increase - The legislature approved increases to state and federal special revenue authority to add 2.0 FTE to the Research and Analysis Bureau (R&A), and meet increases in rental costs and the department's cost allocation plan. The 2.0 FTE will be used to meet new Workforce Investment Act requirements to 'localize' the labor market information previously reported at the federal level. Rent increases in the amount of \$108,240 and \$110,375 over the biennium were added to accommodate R&A staff consolidation in the old Shodair Hospital building. The legislature designated the FTE and related funding, approximately \$83,000 in each year of the biennium, as one-time-only.

DP 6 - Federal Funding Change and CAP Increase - The legislature approved an increase in federal special revenue authority to adjust federal funding levels as the Trade Adjustment Assistance and Workforce Investment Acts are implemented, including a decrease to eliminate a one-time federal One-Stop Implementation Grant from base-year expenditures. Increases include training grants and OJT reimbursements within the Job Service Division Pay Unit, and increases for the department's cost allocation plan.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				Total Funds
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	
DP 2 - Jobs for Montana Graduates Funding										
01	1.00	268,069	0	0	268,069	1.00	268,221	0	0	268,221
DP 7 - Research & Analysis Career Conference										
01	1.00	0	80,000	0	80,000	1.00	0	80,000	0	80,000
DP 322 - SB 322 - Natural Resource Worker Education and Retraining										
01	0.00	0	0	0	0	0.25	0	150,000	0	150,000
Total	2.00	\$268,069	\$80,000	\$0	\$348,069	2.25	\$268,221	\$230,000	\$0	\$498,221

New Proposals

DP 2 - Jobs for Montana Graduates Funding - The legislature approved an increase in general fund for the continued operation of the Jobs for Montana's Graduates (JMG) Program at a total biennial cost of \$536,290. The Jobs for Montana's Graduates program was established in 1990, and is an affiliate of a national non-profit organization, Jobs for America's Graduates. The 1999 legislature granted one-time-only funding of \$558,746 during the 2001 biennium. This increase brings JMG back approximately to that level of funding.

DP 7 - Research & Analysis Career Conference - The legislature approved an increase in state special revenue authority to allow the department to plan, organize, and host an annual statewide career conference. The conference is projected to be self-sustaining through the contribution of funding from conference participants and conference registration fees. This increase includes funding for 1.0 FTE to act as conference coordinator.

DP 322 - SB 322 - Natural Resource Worker Education and Retraining - Under the provisions of SB 322, the Department of Labor and Industry will administer the Natural Resource Worker Education and Retraining program. The legislature added 0.25 FTE and \$150,000 in state special revenue authority in fiscal 2003 to implement and fund this program.

Language

Item [SB 322 -- Natural Resource Worker Education and Retraining] is contingent upon passage and approval of Senate Bill 322. (Note – SB 322 was passed and approved.)

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	105.50	4.00	0.00	109.50	4.00	0.00	109.50	109.50
Personal Services	3,815,246	524,060	0	4,339,306	546,708	0	4,361,954	8,701,260
Operating Expenses	1,697,075	564,596	0	2,261,671	571,311	0	2,268,386	4,530,057
Equipment	(23,600)	23,600	0	0	23,600	0	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	3,104	0	0	3,104	0	0	3,104	6,208
Total Costs	\$5,491,825	\$1,112,256	\$0	\$6,604,081	\$1,141,619	\$0	\$6,633,444	\$13,237,525
State/Other Special	285,705	2,948	0	288,653	2,948	0	288,653	577,306
Federal Special	5,206,120	1,109,308	0	6,315,428	1,138,671	0	6,344,791	12,660,219
Total Funds	\$5,491,825	\$1,112,256	\$0	\$6,604,081	\$1,141,619	\$0	\$6,633,444	\$13,237,525

Program Description

The Unemployment Insurance (UI) Division administers the state unemployment insurance laws and related federal programs, which provide temporary, partial wage replacement to involuntarily-unemployed individuals. The UI Division is organized into three bureaus: UI Benefits, UI Program Support, and UI Phone Claims. The UI Contributions Bureau was reorganized by the 1997 legislature under HB 561, which delegated UI tax collection activities to the Department of Revenue. The UI Benefits Bureau receives, processes, and pays UI benefit claims and adjudicates disputed benefit claims. The UI Program Support Bureau manages the Benefit Automated Rewrite System (BeAR), the UI insurance, and benefit accounting and payment systems. The UI Phone Claims Bureau has two phone centers (Billings and Helena) through which claimants can file unemployment claims, and where employers can make UI-related inquiries.

Funding

The UI Division is funded with state special revenue funds, including \$540,306 from the Employment Security Account and \$37,000 from Department of Labor Information Exchange funds; and federal funds, which are primarily Unemployment Insurance Administrative Grants (\$12.0 million).

Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				157,038					180,630	
Vacancy Savings				(107,911)					(108,619)	
Inflation/Deflation				(37,219)					(35,649)	
Fixed Costs				51,352					29,364	
Total Statewide Present Law Adjustments				\$63,260					\$65,726	
DP 1 - ICON Programmer	1.00	0	0	55,566	1.00	0	0	55,566	55,566	
DP 2 - Operating Increases/FTE Requests	3.00	0	2,853	1,061,663	3.00	0	2,853	1,088,835	1,091,688	
DP 696 - Data Network Fixed Cost Reduction	0.00	0	0	(1,621)	0.00	0	0	(1,601)	(1,601)	
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	0	0	(18,060)	0.00	0	0	(18,119)	(18,119)	
DP 699 - Vacancy Savings at 4 Percent	0.00	0	0	(51,405)	0.00	0	0	(51,641)	(51,641)	
Total Other Present Law Adjustments	4.00	\$0	\$2,853	\$1,046,143	4.00	\$0	\$2,853	\$1,073,040	\$1,075,893	
Grand Total All Present Law Adjustments				\$1,112,256					\$1,141,619	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - ICON Programmer - The legislature approved an increase in federal special revenue authority allowing the addition of a full-time programmer for the division's Interstate Connection (ICON) automated benefits program. This increase establishes the currently modified position as permanent.

DP 2 - Operating Increases/FTE Requests - The legislature approved an increase in state and federal special revenue authority for the following:

1. convert 3 modified FTE to permanent - approximately \$108,000 each year;
2. purchase replacement computers - approximately \$31,000 each year;
3. accommodate increased federal Contingency and Integrity funds - approximately \$795,000 in fiscal 2002 and \$790,000 in fiscal 2003;
4. fund increases to the department's cost allocation plan - approximately \$107,000 in fiscal 2002 and \$139,000 in fiscal 2003; and
5. correct a base year accounting error - \$23,600 each year.

The legislature designated the funding for the requested FTE as one-time-only.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	20.50	0.00	(0.50)	20.00	0.00	(0.50)	20.00	20.00
Personal Services	863,365	14,806	(7,635)	870,536	21,306	(7,661)	877,010	1,747,546
Operating Expenses	299,791	12,907	(923)	311,775	10,758	(923)	309,626	621,401
Total Costs	\$1,163,156	\$27,713	(\$8,558)	\$1,182,311	\$32,064	(\$8,584)	\$1,186,636	\$2,368,947
General Fund	133,561	24,939	(8,558)	149,942	25,371	(8,584)	150,348	300,290
State/Other Special	552,457	(18,306)	0	534,151	(16,409)	0	536,048	1,070,199
Federal Special	437,167	8,511	0	445,678	10,254	0	447,421	893,099
Proprietary	39,971	12,569	0	52,540	12,848	0	52,819	105,359
Total Funds	\$1,163,156	\$27,713	(\$8,558)	\$1,182,311	\$32,064	(\$8,584)	\$1,186,636	\$2,368,947

Program Description

The Commissioner's Office and the Legal and Centralized Services Division (CSD) provide program direction, legal, administrative, and support services to the department. Legal and Centralized Services provide the central support functions of the department through seven bureaus: Accounting; Information Services; Budget; Personnel and Training; Hearings; and Legal Services. A three-member Board of Labor Appeals is administratively attached; this board hears appeals concerning the administration of Montana unemployment insurance laws and employer/employee relationships.

Funding

The division's operations are funded with general fund, state special revenue from the Employment Security and Workers' Compensation Regulation accounts, federal Labor and Industry funds, and proprietary funds from the department's internal cost allocation plan. (For further discussion of the department's internal cost allocation plan, refer to the proprietary rates discussion at the end of this section.) General fund pays expenses associated with CSD support to the Human Rights Bureau in the Employment Relations Division. Proprietary funds appropriated in HB 2 are for Legal Service Bureau support to the department.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				44,676					51,448
Vacancy Savings				(25,011)					(25,215)
Inflation/Deflation				349					1,239
Fixed Costs				11,216					8,204
Total Statewide Present Law Adjustments				\$31,230					\$35,676
DP 2 - BOLA Per Diem and Operating Costs									
0.00	1,451	2,903	9,352	15,964*	0.00	1,451	2,903	9,352	15,962*
DP 696 - Data Network Fixed Cost Reduction									
0.00	0	(189)	(90)	(279)	0.00	0	(187)	(89)	(276)
DP 698 - Rent Reduction - Use of Capitol Land Grant									
0.00	(820)	(3,711)	(3,187)	(7,893)*	0.00	(823)	(3,724)	(3,198)	(7,921)*
DP 699 - Vacancy Savings at 4 Percent									
0.00	(1,469)	(5,254)	(4,127)	(11,309)*	0.00	(1,476)	(5,285)	(4,155)	(11,377)*
Total Other Present Law Adjustments									
0.00	(\$838)	(\$6,251)	\$1,948	(\$3,517)*	0.00	(\$848)	(\$6,293)	\$1,910	(\$3,612)*
Grand Total All Present Law Adjustments				\$27,713*					\$32,064*

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the

narrative descriptions.

DP 2 - BOLA Per Diem and Operating Costs - The legislature approved an increase to general fund and state and federal special revenue authority to support operations of the Board of Labor Appeals (BOLA). Increases include per diem for board members and the board's share of the department's cost allocation plan increases.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 689 - FTE Reduction										
03	(0.50)	0	0	0	0	(0.50)	0	0	0	0
DP 691 - Personal Services General Fund Reduction										
03	0.00	(7,635)	0	0	(7,635)	0.00	(7,661)	0	0	(7,661)
DP 693 - Statewide Travel Reduction										
03	0.00	(923)	0	0	(923)	0.00	(923)	0	0	(923)
Total	(0.50)	(\$8,558)	\$0	\$0	(\$8,558)	(0.50)	(\$8,584)	\$0	\$0	(\$8,584)

New Proposals

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced.

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund each year equivalent to 1 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

Language

It is the intent of the legislature that the rates charged for centralized services functions be agreed to by the United States Department of Labor federal cost negotiator. It is anticipated that the assessment will be approximately 9 percent and 10 percent of a program's actual personal services costs incurred in fiscal 2002 and fiscal 2003.

It is the intent of the legislature that the internal service rates charged for program 05, program 06, and program 08 will be approximately 9 percent and 10 percent of a program's actual personal services costs incurred in fiscal 2002 and fiscal 2003.

Item [Commissioner's Office/Centralized Services Division] includes a reduction in general fund of \$923 in fiscal 2002 and \$923 in fiscal 2003. This reduction is the equivalent of a 1 percent reduction in fiscal 2000 base budget travel

expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Commissioner's Office/Centralized Services Division] includes a general fund reduction of \$7,635 in fiscal 2002 and \$7,661 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Proprietary Rates

Program Description

The Commissioner's Office and the Legal and Centralized Services Division provide program direction, legal, administrative, and support services to the department. Legal and Centralized Services provide central support functions for the department through seven bureaus: Accounting; Information Services; Budget; Personnel and Training; Hearings; and Legal Services. The three-member Board of Labor Appeals is administratively attached; this board hears appeals concerning the administration of Montana unemployment insurance laws and employer/employee relationships.

Revenues and Expenses

The Commissioner's Office and the Legal/Centralized Services Division are funded through a cost allocation plan under which the various divisions in the agency are assessed a percentage of personal services costs in support of providing centralized functions. The Commissioner's Office/Centralized Services Division recovers the costs of the input/output control operations function, which provides traffic control of data input, jobs for the mainframe computer system, and report output.

Sixty days of personal services, operations, and miscellaneous operating expenses less non-cash expenses equals approximately \$316,383. This figure is the minimum amount determined necessary by the department to maintain on-going operations. The working capital balance is used in calculating the final CAP rate.

Rate Explanation

The legislature approved rates of 9.44 percent and 10.14 percent for fiscal 2002 and 2003, respectively.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	115.75	5.00	(5.75)	115.00	5.00	(5.75)	115.00	115.00
Personal Services	3,830,270	685,704	63,463	4,579,437	712,525	63,463	4,606,258	9,185,695
Operating Expenses	2,585,937	(174,737)	30,595	2,441,795	(180,380)	30,595	2,436,152	4,877,947
Equipment	90,271	(235)	16,800	106,836	(235)	16,800	106,836	213,672
Benefits & Claims	378,087	0	0	378,087	0	0	378,087	756,174
Debt Service	6	0	0	6	0	0	6	12
Total Costs	\$6,884,571	\$510,732	\$110,858	\$7,506,161	\$531,910	\$110,858	\$7,527,339	\$15,033,500
General Fund	757,305	153,542	0	910,847	155,239	0	912,544	1,823,391
State/Other Special	5,715,686	115,066	0	5,830,752	133,859	0	5,849,545	11,680,297
Federal Special	411,580	242,124	110,858	764,562	242,812	110,858	765,250	1,529,812
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$6,884,571	\$510,732	\$110,858	\$7,506,161	\$531,910	\$110,858	\$7,527,339	\$15,033,500

Program Description

The Employment Relations Division (ERD) consists of the following bureaus and programs:

1. Workers' Compensation (WC) Regulation, which regulates WC insurance coverage requirements, policy compliance, medical regulations, and cost containment, and the WC Claims Assistance Bureau, which assists organizations and individuals to arrive at early, less expensive settlements of their disputes;
2. The Labor Standards Bureau, which enforces state and federal labor laws related to the payment of wages, and provides collective bargaining mediation;
3. The Safety Bureau, which administers federal and state industrial safety laws;
4. The Human Rights Bureau, which enforces the Montana Human Rights Act and the Governmental Code of Fair Practices through investigations, conciliations, hearings, and education. This bureau is responsible for enforcing laws that prohibit discrimination in employment, housing, public accommodations, financing and credit transactions, insurance, education, and government services;
5. Contractor Registration and Independent Contractor Exemption programs, which register contractors; and
6. The Board of Personnel Appeals, which deals with issues related to wages and hours, and collective bargaining disputes between employers and employees. This board is administratively attached to the division.

Funding

The Employment Relations Division (ERD) is funded with state special revenues from the Workers' Compensation Regulation Fund and the Employment Security Account (ESA), in combination with fees paid for the Independent Contractor Exemption and Contractors' Registration programs. Funds from the subsequent injury and the uninsured employers' fund support benefits to these injured workers, and provide partial funding support for administrative functions. The general fund supports a portion of the Human Rights Bureau, Silicosis, and Social Security Benefits programs. Federal support is derived from coal mine safety, on-site consultation, Unemployment Insurance grants, and Equal Employment Opportunity funds.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				694,879					722,244
Vacancy Savings				(123,223)					(124,044)
Inflation/Deflation				363					4,496
Fixed Costs				96,629					90,824
Total Statewide Present Law Adjustments				\$668,648					\$693,520
DP 1 - Human Rights Workload									
1.00	99,112	(56,416)	0	42,696	1.00	99,720	(56,832)	0	42,888
DP 2 - ERD FTE Request									
4.00	0	108,787	84,600	193,387	4.00	0	103,269	84,600	187,869
DP 3 - Adjust Operating Costs									
0.00	6,000	(356,072)	16,006	(334,066)	0.00	6,000	(354,188)	16,006	(332,182)
DP 696 - Data Network Fixed Cost Reduction									
0.00	(177)	(1,440)	0	(1,617)	0.00	(175)	(1,421)	0	(1,596)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(6,404)	(49,184)	(2,728)	(58,316)	0.00	(6,438)	(49,411)	(2,740)	(58,589)
Total Other Present Law Adjustments									
5.00	\$98,531	(\$354,325)	\$97,878	(\$157,916)	5.00	\$99,107	(\$358,583)	\$97,866	(\$161,610)
Grand Total All Present Law Adjustments				\$510,732					\$531,910

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Human Rights Workload - The legislature approved an increase in general fund and a decrease in state special revenue authority for personal services and associated operating costs related to the department's Human Rights Bureau. The legislature designated the FTE and its funding, approximately \$21,000 in each year of the biennium, as one-time-only.

DP 2 - ERD FTE Request - The legislature approved an increase to state and federal special revenue authority to add 4.0 FTE to the division. The added positions include two on-site consultants for the Safety On-site Consultation program and two grade 14 administrators to: 1) address the increased workload involved in licensing and monitoring professional employer organizations; and 2) review applications and perform reviews of applicants to the Individual Contractor Exemption Program. This increase is funded with state special revenue from Workers' Compensation Regulation and Independent Contractor Exemption funds, as well as federal On-site Consultation funds.

DP 3 - Adjust Operating Costs - The legislature approved adjustments effecting a net increase to general fund and federal special revenue, and a net decrease to state special revenue, for changes within the Employment Relations Division. Increases include: 1) \$11,550 each year for per diem expenses associated with the Board of Personnel Appeals and the Human Rights Commission; 2) a net increase of \$25,756 over the biennium to replace 4 agency-owned vehicles with leased vehicles; and 3) an increase of \$167,432 over the biennium for consulting services for actuarial analysis of workers' compensation data. Decreases include expenses incurred in the base year that were non-recurring in nature. This adjustment also includes increases for the department's cost allocation plan.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 13 - ERD Federal Funds										
04	0.00	0	0	110,858	110,858	0.00	0	0	110,858	110,858
DP 689 - FTE Reduction										
04	(5.75)	0	0	0	0	(5.75)	0	0	0	0
Total	(5.75)	\$0	\$0	\$110,858	\$110,858	(5.75)	\$0	\$0	\$110,858	\$110,858

New Proposals

DP 13 - ERD Federal Funds - The legislature approved an increase in federal special revenue authority to allow the department to accommodate increased federal funding for the On-Site Safety Program (\$102,000 each year) and the Human Rights Program (\$8,858 each year).

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	35.03	35.03	0.00	35.03	35.03	35.03
Personal Services	0	0	1,287,013	1,287,013	0	1,295,350	1,295,350	2,582,363
Operating Expenses	0	0	4,045,215	4,045,215	0	3,967,175	3,967,175	8,012,390
Debt Service	0	0	10,048	10,048	0	10,048	10,048	20,096
Total Costs	\$0	\$0	\$5,342,276	\$5,342,276	\$0	\$5,272,573	\$5,272,573	\$10,614,849
State/Other Special	0	0	5,342,276	5,342,276	0	5,272,573	5,272,573	10,614,849
Total Funds	\$0	\$0	\$5,342,276	\$5,342,276	\$0	\$5,272,573	\$5,272,573	\$10,614,849

Program Description

The Professional and Occupational Licensing Division (POL) provides the administrative and clerical services needed by the 38 professional boards and occupational licensing programs authorized by state statutes. Services provided include correspondence, application processing, issuing and renewing licenses, administering and grading examinations, taking minutes of board meetings and hearings, and providing the legal staff and investigators who investigate legal infractions.

Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Professional and Occupational Licensing Division in its entirety from the Department of Commerce to the Department of Labor and Industry.

Funding

The licensing boards in the Professional and Occupational Licensing Division (POL) are funded with state special revenues obtained from license fees set by each board. Fees are collected from activities that include providing license applications, examinations, license renewals, reciprocity, and continuing education. Administrative cost assessments also contribute to the funding of POL. POL administrative costs are funded through assessments (recharges) on all boards and are deposited in a proprietary fund. This internal charge provides funding for various administrative, clerical, and legal support services provided to the boards. These funds do not require an appropriation and therefore are not listed in the funding tables. (For further discussion of this account, please refer to the proprietary rates discussion at the end of this section.)

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization										
05	35.03	0	5,342,276	0	5,342,276	35.03	0	5,272,573	0	5,272,573
Total	35.03	\$0	\$5,342,276	\$0	\$5,342,276	35.03	\$0	\$5,272,573	\$0	\$5,272,573

New Proposals

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Professional and Occupational Licensing Division was transferred in its entirety from the Department of Commerce to the Department of Labor and Industry. The operating budget transferred to this department contained:

1. base year funding of \$9.3 million over the biennium; and
2. the following changes (DP 9, 13, 34, and 699) as approved by the legislature during hearings on the Department of Commerce budget.

DP 9 - Board Operating Expenses - The legislature approved an increase in state special revenue authority of \$1.2 million across the biennium for operating expenses necessary to support various board activities. Increases include travel, overtime, per diem, postage, printing, supplies, and rent, as well as the contracted services of independent

inspectors and expert witnesses. Adjustments are also made for department indirect costs. Negative adjustments are made for moving expenses incurred in the base year. This increase also includes \$70,000 of state special authority in each year of the biennium in order to reestablish the POL and Building Codes divisions' legal proceedings contingency fund. The legislature designated the legal contingency fund appropriation as restricted/one-time-only.

DP 13 - Licensing FTE - The legislature approved an increase in state special revenue authority of \$126,400 over the biennium for personal services and related operating expenses to add 2.5 FTE for administrative support of the boards of Architects, Dentistry, and Medical Examiners. Increases include 0.3 FTE for the Board of Architects for Architectural Licensing Program support, 0.7 FTE for the Board of Dentistry for Dentistry Licensing Program support, and 1.5 FTE for the Board of Medical Examiners.

DP 34 - POL Rent - The legislature approved an adjustment to consolidate rental payments within the division. This adjustment moves authority of \$30,019 per year from state special revenue funds to the POL Division Proprietary Fund, allowing the division to centralize rental charges for all boards and programs assigned.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. This adjustment decreased state special revenue authority by \$30,600 over the biennium.

Language

The Professional and Occupational Licensing staff and operating budget designated as proprietary will transfer into this department with Professional and Occupational Licensing (05).

Items [Professional and Occupational Licensing, Legal Contingency, Weights and Measures Bureau, Legislative Audit, Building Codes Bureau, Legislative Audit, and Building Codes Vehicle Replacement] are contingent upon passage and approval of Senate Bill 445. (Note - SB 445 was passed and approved.)

Proprietary Rates

Program Description

The POL Administrative Services Bureau provides all the professional, technical, administrative, legal, and clerical services required by the professional licensing regulatory boards and programs authorized in this division.

The thirty-three boards and five programs attached to the Professional and Occupational Licensing Division include:

Boards

Alternative Health Care Board
Board of Architects
Board of Athletics
Board of Barbers
Board of Chiropractors
Board of Clinical Laboratory Science Practitioners
Board of Cosmetologists
Board of Dentistry
Board of Funeral Service
Board of Hearing Aid Dispensers
Board of Landscape Architects
Board of Medical Examiners
Board of Nursing
Board of Nursing Home Administrators
Board of Occupational Therapy Practice
Board of Optometry

Board of Outfitters
Board of Pharmacy
Board of Physical Therapy Examiners
Board of Plumbers
Board of Private Security Patrol Officers and Investigators
Board of Professional Engineers & Professional Land Surveyors
Board of Psychologists
Board of Public Accountants
Board of Radiologic Technologists
Board of Real Estate Appraisers
Board of Realty Regulation
Board of Respiratory Care Practitioners
Board of Sanitarians
Board of Social Work Examiners and Professional Counselors
Board of Speech-Language Pathologists and Audiologists
Board of Veterinary Medicine
State Electrical Board

Programs

Boiler Operators/Engineers
Crane/Hoisting Operators
Chemical Dependency Counselors
Fire Prevention and Permitting
Construction Blasters

Revenues and Expenses

The stated revenue objective of the POL Administrative Services Account is to assess the common costs of operations to the special revenue accounts on an equitable basis, while attempting to maintain a reasonable working capital reserve.

Rate Explanation

Recharge rates are allocated to the state special revenue accounts based upon requested appropriations, less any program-direct personal services amounts. Each program is assigned a percentage rate based on adjusted appropriations in comparison to the total appropriation for all accounts. That percentage rate is then applied to the required proprietary revenue needed to determine each account's share of the funding.

The legislature approved recharge rates of 38 percent in each year of the biennium, an approximate 2.3 percent increase over the 2001 biennium. At the approved rates, the department projects a fiscal 2003 ending fund balance of \$325,312, a 62-day working capital reserve.

Significant Present Law

DP 28 - POL Rent - This adjustment consolidates rental charges from various boards/programs attached to the division into the division's proprietary account, and is accompanied by a corresponding adjustment in the legislative budget for the POL boards.

DP 38 - High Speed Printer - The division will add a second printer to their single Oracle database operation, at a fiscal 2000 cost of \$5,500.

DP 42 - POL Administrative Costs - This adjustment is for increases in indirect costs and covers equipment replacement allocation costs incurred by the Centralized Services Division. This adjustment also includes a reduction for one-time moving expenditures incurred in fiscal 2000.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	11.00	11.00	0.00	11.00	11.00	11.00
Personal Services	0	0	427,518	427,518	0	430,213	430,213	857,731
Operating Expenses	0	0	189,293	189,293	0	186,630	186,630	375,923
Equipment	0	0	63,000	63,000	0	63,000	63,000	126,000
Total Costs	\$0	\$0	\$679,811	\$679,811	\$0	\$679,843	\$679,843	\$1,359,654
State/Other Special	0	0	679,811	679,811	0	679,843	679,843	1,359,654
Total Funds	\$0	\$0	\$679,811	\$679,811	\$0	\$679,843	\$679,843	\$1,359,654

Program Description

The Weights and Measures Bureau is responsible for licensing, inspecting, testing, and certifying all weighing or measuring devices used in making commercial transactions in the State of Montana. The bureau enforces laws and regulations pertaining to the quantity control of prepackaged goods and the quality control of petroleum products. The bureau is also responsible for maintaining the state standards of mass and volume applied when calibrating other mass or volume standards used in testing commercial devices.

Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Weights and Measures Bureau in its entirety from the Department of Commerce to the Department of Labor and Industry.

Funding

The Weights and Measures Division is funded entirely by state special revenues derived primarily from annual license fees levied against all commercial weighing or measuring devices, including scales or gas pumps certified by the bureau on an annual basis. Additional funding (approximately 2.5 percent) comes from special inspection fees derived from charges for certification at the bureau's standards lab as well as for other special requests.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization 06	11.00	0	679,811	0	679,811	11.00	0	679,843	0	679,843
Total	11.00	\$0	\$679,811	\$0	\$679,811	11.00	\$0	\$679,843	\$0	\$679,843

New Proposals

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Weights and Measures Bureau was transferred in its entirety from the Department of Commerce to the Department of Labor and Industry. The operating budget transferred to this department contained:

1. base year funding of \$1.4 million over the biennium; and
2. the following changes (DP 39, 696, 698, and 699) as approved by the legislature during hearings on the Department of Commerce budget.

DP 39 - W & M Administrative Costs - The legislature approved an increase in state special revenue authority of \$4,829 over the biennium for administrative cost increases, including overtime and the division's share of department indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed

by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets, for a state special revenue authority decrease of \$54 over the biennium.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex. This adjustment decreases state special revenue authority by \$1,112 over the biennium.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. This adjustment decreased state special revenue authority by \$11,268 over the biennium.

Language

Items [Professional and Occupational Licensing, Legal Contingency, Weights and Measures Bureau, Legislative Audit, Building Codes Bureau, Legislative Audit, and Building Codes Vehicle Replacement] are contingent upon passage and approval of Senate Bill 445. (Note - SB 445 was passed and approved.)

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	3.00	1.00	0.00	4.00	1.00	0.00	4.00	4.00
Personal Services	134,128	12,777	0	146,905	14,284	0	148,412	295,317
Operating Expenses	182,945	35,502	0	218,447	34,838	0	217,783	436,230
Grants	1,552,195	1,101,115	0	2,653,310	1,101,177	0	2,653,372	5,306,682
Total Costs	\$1,869,268	\$1,149,394	\$0	\$3,018,662	\$1,150,299	\$0	\$3,019,567	\$6,038,229
General Fund	24,895	0	0	24,895	0	0	24,895	49,790
State/Other Special	4,999	23,192	0	28,191	23,201	0	28,200	56,391
Federal Special	1,839,374	1,126,202	0	2,965,576	1,127,098	0	2,966,472	5,932,048
Total Funds	\$1,869,268	\$1,149,394	\$0	\$3,018,662	\$1,150,299	\$0	\$3,019,567	\$6,038,229

Program Description

Montana Community Services (MCS) provides administration of federal Corporation for National Service programs (AmeriCorps, Learn and Serve America, and National Senior Service Corps), as well as community service and volunteer efforts statewide, including the Volunteer Montana program.

Funding

Federal funds provide 98 percent of the funding for the Montana Community Services Program with the remainder coming from general fund and state special revenues. State special revenues came entirely from donations in fiscal 2000. General fund and state special revenues are used to provide a portion of the state match for the program administration grant.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				(9,959)					(8,488)
Vacancy Savings				(3,406)					(3,451)
Inflation/Deflation				210					441
Fixed Costs				7,433					6,537
Total Statewide Present Law Adjustments				(\$5,722)					(\$4,961)
DP 1 - Administrative Funding	1.00	0	23,200	1,135,229	1.00	0	23,200	1,135,393	1,158,593
DP 696 - Data Network Fixed Cost Reduction	0.00	0	(68)	(68)	0.00	0	0	(68)	(68)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	0	(963)	(963)	0.00	0	0	(967)	(967)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(2,282)	(2,282)	0.00	0	0	(2,298)	(2,298)
Total Other Present Law Adjustments	1.00	\$0	\$23,200	\$1,131,916	1.00	\$0	\$23,200	\$1,132,060	\$1,155,260
Grand Total All Present Law Adjustments				\$1,149,394					\$1,150,299

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Administrative Funding - The legislature approved an increase in state and federal special revenue authority to meet increased administrative costs and program grants. This request also includes increases for the department's cost

allocation plan.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	60.00	60.00	0.00	61.50	61.50	61.50
Personal Services	0	0	2,267,355	2,267,355	0	2,330,539	2,330,539	4,597,894
Operating Expenses	0	0	883,015	883,015	0	865,342	865,342	1,748,357
Equipment	0	0	179,500	179,500	0	145,500	145,500	325,000
Total Costs	\$0	\$0	\$3,329,870	\$3,329,870	\$0	\$3,341,381	\$3,341,381	\$6,671,251
State/Other Special	0	0	3,329,870	3,329,870	0	3,341,381	3,341,381	6,671,251
Total Funds	\$0	\$0	\$3,329,870	\$3,329,870	\$0	\$3,341,381	\$3,341,381	\$6,671,251

Program Description

The Building Codes Division establishes and enforces minimum building codes, including accessibility, plumbing, mechanical, electrical, energy, elevator, and boiler codes. When possible, the division approves and certifies local government code enforcement programs to utilize codes adopted by the division. The division also assists the Board of Plumbers and the State Electrical Board with license law enforcement by checking for proper licensing when inspecting projects for code compliance.

Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Building Codes Division in its entirety from the Department of Commerce to the Department of Labor and Industry.

Funding

The Building Codes Division is funded entirely from inspection fees deposited in the state special revenue fund.

New Proposals										
Prgm	FTE	General	-----Fiscal 2002-----			FTE	General	-----Fiscal 2003-----		
			State Special	Federal Special	Total Funds			State Special	Federal Special	Total Funds
DP 242 - SB 242 - Add FTE/Funding										
08 1.50		0	100,925	0	100,925	3.00	0	151,950	0	151,950
DP 437 - HB 437 - Add FTE/Funding										
08 1.50		0	70,389	0	70,389	1.50	0	52,889	0	52,889
DP 445 - SB 445 - Department of Commerce Reorganization										
08 57.00		0	3,158,556	0	3,158,556	57.00	0	3,136,542	0	3,136,542
Total	60.00	\$0	\$3,329,870	\$0	\$3,329,870	61.50	\$0	\$3,341,381	\$0	\$3,341,381

New Proposals

DP 242 - SB 242 - Add FTE/Funding - The legislature approved additional FTE and state special revenue authority to allow the department to accommodate increased workload under the provisions of SB 242.

DP 437 - HB 437 - Add FTE/Funding - The legislature added 1.50 FTE and additional state special revenue authority to allow the department to accommodate increased workload under the provisions of HB 437.

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Building Codes Division was transferred in its entirety from the Department of Commerce to the Department of Labor and Industry. The operating budget transferred to this department contained:

1. base year funding of \$5.7 million over the biennium; and
2. the following changes (DP 5, 10, 31, 49, 696, and 699) as approved by the legislature during hearings on the Department of Commerce budget.

DP 5 - Vehicle Replacements - The legislature approved an increase in state special revenue authority of \$91,236 over the biennium for vehicle replacement within the Building Codes Division. This increase allows the department to replace six pickups and three sedans in fiscal 2002, and eight pickups and one sedan in fiscal 2003. The legislature designated this appropriation as one-time-only, and inserted language requiring the department to report to the 2003 legislature on options for a fleet management plan to effect consistent costs for vehicle replacement in subsequent biennia.

DP 10 - Inspector Travel - The legislature approved an increase in state special revenue authority of \$82,000 over the biennium for travel-related costs for Building Codes Division inspection staff. The increase funds inspector travel assuming full staffing levels.

DP 25 - Computer Replacements - The legislature approved an increase in state special revenue authority of \$25,548 in fiscal 2002, allowing the department to replace 15 personal computers.

DP 31 - Bldg Codes Education - The legislature approved an increase in state special revenue authority of \$38,000 over the biennium for costs related to providing building codes education and training as mandated in 50-60-116, MCA.

DP 49 - Building Codes Administrative Costs - The legislature approved an increase in state special revenue authority of \$208,186 over the biennium to fund increased rental charges resulting from the move to the Federal Building, and for the division's share of agency indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets, and decreases state special revenue authority by \$428 over the biennium.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. This adjustment decreased state special revenue authority by \$57,985 over the biennium.

Language

Items [Professional and Occupational Licensing, Legal Contingency, Weights and Measures Bureau, Legislative Audit, Building Codes Bureau, Legislative Audit, and Building Codes Vehicle Replacement] are contingent upon passage and approval of Senate Bill 445. (Note - SB 445 was passed and approved.)

The department shall report to the 2003 legislature on options for a fleet management plan to stabilize vehicle replacement costs within the Building Codes Division

Item [Building Codes Bureau] contains state special revenue authority of \$70,389 in fiscal 2002 and \$52,889 in fiscal 2003, including funding for 1.5 full-time equivalent employees each year, that is contingent upon passage and approval of House Bill 437. (Note - HB 437 was passed and approved.)

Item [Building Codes Bureau] contains state special revenue authority of \$100,925 in fiscal 2002 and \$151,950 in fiscal 2003, including funding for 1.5 full-time equivalent employees in fiscal 2002 and 3 full-time equivalent employees in fiscal 2003, that is contingent upon passage and approval of Senate Bill 242. (Note - SB 242 was passed and approved.)

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	6.00	0.00	0.00	6.00	0.00	0.00	6.00	6.00
Personal Services	297,569	(851)	0	296,718	359	0	297,928	594,646
Operating Expenses	98,804	28,479	0	127,283	32,206	0	131,010	258,293
Total Costs	\$396,373	\$27,628	\$0	\$424,001	\$32,565	\$0	\$428,938	\$852,939
State/Other Special	396,373	27,628	0	424,001	32,565	0	428,938	852,939
Total Funds	\$396,373	\$27,628	\$0	\$424,001	\$32,565	\$0	\$428,938	\$852,939

Program Description

The Workers' Compensation Court provides a forum for Montana employees and the insurance industry to resolve disputes arising from work-related injuries and occupational disease. The court is attached to the department for administrative purposes.

Funding

This program is funded entirely with state special revenues (Workers' Compensation Regulation) from assessments on employers, insurers and the state fund.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				11,512					12,774
Vacancy Savings				(8,635)					(8,675)
Inflation/Deflation				352					584
Fixed Costs				630					(554)
Total Statewide Present Law Adjustments				\$3,859					\$4,129
DP 1 - Increased Operating Expenses									
0.00	0	27,579	0	27,579	0.00	0	32,257	0	32,257
DP 696 - Data Network Fixed Cost Reduction									
0.00	0	(82)	0	(82)	0.00	0	(81)	0	(81)
DP 699 - Vacancy Savings at 4 Percent									
0.00	0	(3,728)	0	(3,728)	0.00	0	(3,740)	0	(3,740)
Total Other Present Law Adjustments									
0.00	\$0	\$23,769	\$0	\$23,769	0.00	\$0	\$28,436	\$0	\$28,436
Grand Total All Present Law Adjustments				\$27,628					\$32,565

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Increased Operating Expenses - The legislature approved an increase in state special revenue authority for increased operating expenses across the biennium, including:

1. increases in the cost of rent (approximately \$7,000 each year);
2. funding for the Workers' Compensation Judge to attend the National Judicial College (approximately \$2,600 in fiscal 2000);
3. increased travel costs and usage of court reporters for the projected maximum number of cases, as based on the caseload increases documented from fiscal 1997 to fiscal 2000 (approximately \$9,000 each year); and

4. increases in the department's cost allocation plan (\$9,364 in fiscal 2002, and \$16,074 in fiscal 2003).

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.